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SUBJECT: NEPAL: DRAFT 2007-2008 INTERNATIONAL NARCOTICS
CONTROL STRATEGY REPORT (INCSR) PART I

REF: STATE 136780

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I. Summary

1. Although Nepal is neither a significant producer of nor a major transit route for narcotic drugs, hashish, heroin and domestically produced cannabis are trafficked to and through Nepal every year. An increase in the number of Nepalese couriers apprehended by the police in 2007 suggests that Nepal is becoming more involved in trafficking. Moreover, Nepal's Narcotics Drug Control Law Enforcement Unit (NDCLEU) reports that more Nepalese citizens are investing in and taking a larger role in running trafficking operations. Customs and border controls remain weak, but international cooperation has resulted in increased narcotics-related indictments in Nepal and abroad. Nepalese officials claim the end of the Maoist insurgency has slightly improved interdiction and monitoring efforts in previously inaccessible parts of the country. The Government of Nepal continues to push legislative efforts to increase control over the trafficking of precursor chemicals between India and China. Nepal is a party to the 1988 UN Drug Convention.

II. Status of Country

2. Police confirm that production of cannabis is on the rise in the southern areas of the country, and that most is destined for the Indian market. Abuse of locally grown and wild cannabis and locally produced hashish, which is marketed in freelance operations, remains widespread. Heroin from Southwest and Southeast Asia is smuggled into Nepal across the open border with India and through Kathmandu's international airport. Legal, codeine-based medicines continue to be abused. Nepal is not a producer of chemical precursors but serves as a transit route for precursor traffic between India and China.

3. Monitoring and interdiction efforts have improved since the official end in 2006 of the Maoist insurgency, which had

obstructed rule-of-law and counter narcotic efforts in many parts of the country. The NDCLEU reports that the Maoists no longer levy a tax of 200 Nepali rupees per kg (approximately \$3.20 in 2007 U.S. dollars) on cannabis production.

III. Country Actions Against Drugs

¶4. POLICY INITIATIVES. Nepal's basic drug law is the Narcotic Drugs Control Act, 2033 (1976). Under this law, the cultivation, production, preparation, manufacture, export, import, purchase, possession, sale, and consumption of most commonly abused drugs is illegal. The Narcotics Control Act, amended last in 1993, conforms in part to the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol by addressing narcotics production, manufacture, sales, import, and export. The government is planning to amend the Act to incorporate provisions for psychotropic substances, demand reduction, treatment and rehabilitation.

¶5. In 2006, the Home Ministry updated the ten-year-old Narcotics Control National Policy. Noting the growing incidence of HIV infection among narcotic-using sex workers, abuse of narcotics and psychotropic medicines among youth, and illicit trafficking by organized mafia, the new policy attempts to address these concerns in a more "transparent and enforceable" manner. It consists of five strategies to control drug production, abuse and trafficking: (1) supply control, (2) demand reduction (treatment and rehabilitation and drug abuse prevention), (3) risk reduction, (4) research and development, and (5) collaboration and resource mobilization.

¶6. To ensure institutional support, the updated policy called for the creation of a Narcotics Control Bureau in the Ministry of Home Affairs that would include the NDCLEU and a

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special Nepal Police Task Force trained in counter narcotics. As of November 2007, this Bureau has yet to be made functional. In addition, the policy established a high-level narcotics control national guidance and coordination committee, chaired by the Home Minister, and a narcotics control executive committee, chaired by the Home Secretary. These entities exist and reportedly oversee all narcotics control programs, law enforcement activities, and legal reforms.

¶7. Nepal is actively implementing a National Drug Abuse Control Plan (NDACP), but other proposed efforts still await legislative approval. Legislative action on mutual legal assistance and witness protection, developed as part of the NDACP, has stalled for another year. The government has not submitted scheduled amendments to its Customs Act to control precursor chemicals. Legislation on asset seizures, drafted in 1997 with United Nations Office on Drugs and Crime assistance, is also awaiting approval. All are under review by the Ministry of Law and Justice. Legislation on criminal conspiracy has not yet been drafted.

¶8. In response to reports from the NDCLEU of increased trafficking and criminal behavior among tourists, the government has restricted the travel of several countries' nationals to Nepal. Citizens of Nigeria, Swaziland, Ghana, Zimbabwe, Iraq, Afghanistan, and residents of the Palestinian territories are unable to obtain visas on arrival. The Home Ministry and the NDCLEU reported that Nigerians in particular travel on false passports to Nepal, via South Africa and India, to widen their organized crime network and traffic heroin, humans and arms.

¶9. LAW ENFORCEMENT EFFORTS. The NDCLEU has developed an intelligence wing, but its effectiveness remains constrained by limited human resources and technological equipment. Coordination and cooperation among NDCLEU and Nepal's customs and immigration services, while still problematic, are

improving. Narcotics officials admit that the destruction of areas of illicit drugs cultivation is not as effective as it could be; however, final statistical data for 2006 indicate an improvement over 2005. In 2006, 328 hectares of cannabis cultivation were destroyed, compared to 121 hectares in 2005. In 2005, 4 hectares of opium cultivation were destroyed; data was unavailable for 2006. Nepal does not have an enticement program for replacement crops.

¶10. The NDCLEU reports that arrests and drug seizures increased in 2007. From January-September 2007, police arrested 78 foreigners (13 in Kathmandu) and 524 Nepalese citizens (115 in Kathmandu) on the basis of drug trafficking charges--as compared to all of 2006, when police arrested 46 foreigners and 473 Nepalese citizens. Local police made 80 percent of the arrests in 2007, while the NDCLEU accounted for the remaining 20 percent. In the same time period, the NDCLEU and local units reportedly seized 7,731 kg of cannabis--more than the amount of cannabis seized in all of 2006 (3,624 kg). The NDCLEU also seized 15 kg of heroin from January-September 2007, comparable to the amount seized in all of 2006. Most of the seizures were of "brown sugar"--low quality heroin smuggled from India. Police made relatively few seizures of more expensive white heroin from Afghanistan. The NDCLEU further reported the seizure of 3,843 kg of hashish (2,517 kg in 2006) in Nepal from January-September 2007. Most seizures of heroin and hashish in 2007 occurred along the Nepal-Indian border, within Kathmandu, or at Tribhuvan International Airport (TIA) as passengers departed Nepal. The NDCLEU did not report seizures of opium for 2006 or 2007.

¶11. CORRUPTION. Nepal has no laws specifically targeting narcotics-related corruption by government officials, although both provisions in the Narcotics Control Drug Act of 1976 and Nepal's anticorruption legislation can be employed to prosecute any narcotics-related corruption. As a matter of government policy, Nepal neither encourages nor facilitates illicit production or distribution of narcotics, psychotropic

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drugs, or other controlled substances, nor the laundering of proceeds from illegal drug transactions.

¶12. AGREEMENTS AND TREATIES. Nepal is party to the 1998 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1993 South Asian Association for Regional Cooperation (SAARC) Convention on Narcotics Drugs and Psychotropic Substances. The Home Ministry set up a SAARC Drug Offenses Monitoring Desk at TIA in 2006. Nepal has signed but, as of November 2007, not yet ratified the UN Convention against Transnational Organized Crime and the UN Convention against Corruption. There is no U.S. extradition treaty with Nepal. Nepal does not extradite its nationals.

¶13. CULTIVATION/PRODUCTION. Cannabis is an indigenous plant in Nepal, and cultivation of certain selected varieties is rising, particularly in the lowland region of the Tarai. There is some small-scale cultivation of opium poppy, but detection is difficult since it is interspersed among licit crops. Nepali drug enforcement officials reported that all heroin seized in Nepal originated elsewhere. Nepal does not produce precursor chemicals. Importers of dual-use precursor chemicals must obtain a license and submit bimonthly reports on usage to the Home Ministry.

¶14. According to the Home Ministry, there have been no seizures of precursor chemicals since 1997. There have been no reports of the illicit use of licensed imported dual-use precursor chemicals. Nepal is used as a transit route to move precursor chemicals between India and China. With ratification of the SAARC Convention on Narcotics Drugs and Psychotropic Substances, which holds countries liable for policing precursor chemicals, the Home Ministry said it planned to assert control over precursor chemicals. These

chemicals are currently under the jurisdiction of the Ministry of Health and are not carefully monitored for abuse. As of November 2007, the government is still reviewing policies for the control and regulation of precursor chemicals for a proposed amendment to the Narcotics Drugs Control Act.

¶15. DRUG FLOW/TRANSIT. According to NDCLEU, evidence from narcotics seizures suggests that narcotics transit Nepal from India, Pakistan, and Afghanistan to other countries in the region and to Europe, the U.S. and Japan. Media reports have claimed that most narcotics are bound for India, and law enforcement sources indicated that most seizures do occur at the India/Nepal border. Government officials report 2007 has seen considerable improvements in stemming drug flow and transit through Nepal and better border security compared to previous years. Nevertheless, the NDCLEU says customs and border controls are weak along Nepal's land borders with India and China, while the Indian border is essentially open. Security measures to interdict narcotics and contraband at TIA and at Nepal's regional airports with direct flights to India are also inadequate. The Government of Nepal (GON), along with other governments, is working to increase the level of security at the international airport, and the Nepal Army is detailed to assist with airport security. The NDCLEU took the increase in arrests of Nepalese couriers in other countries as an indication that Nepalese were becoming more involved in the drug trade both as couriers and as traffickers. This also suggests that Nepal may be increasingly used as a transit point for destinations in South and East Asia, as well as in Europe-particularly Spain, the Netherlands and Switzerland. The NDCLEU has also identified the United States as a final destination for some drugs transiting Nepal, typically routed through Bangkok.

¶16. DOMESTIC PROGRAMS (DEMAND REDUCTION). The GON has continued to implement its national drug demand reduction strategy in association with the Sri Lanka-based Colombo Plan, assistance from the United States, UNODC, donor agencies, and NGOs. However, resource constraints have limited significant progress.

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IV. U.S. Policy Initiatives and Programs

¶17. POLICY INITIATIVES. U.S. policy is to strengthen Nepal's law enforcement capacity to combat narcotics trafficking and related crimes, to maintain positive bilateral cooperation, and to encourage Nepal to enact and implement appropriate laws and regulations to meet all objectives of the 1988 UN Drug Convention.

¶18. BILATERAL COOPERATION. The United States works with GON agencies to provide expertise and training in enforcement. Nepal exchanges drug trafficking information with regional neighbors and occasionally with destination countries in Europe in connection with international narcotics investigations and proceedings.

¶19. THE ROAD AHEAD. The United States will continue information exchanges, training, and enforcement cooperation. The United States will provide support to various parts of the legal establishment to combat corruption and improve rule of law, as well as support improvements in the Nepali customs service. The United States also will encourage the GON to enact stalled drug legislation.

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